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Message Text

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PAGE 01 CAIRO 05813 121044Z

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ACTION SS-25

INFO OCT-01 ISO-00 NSCE-00 SSO-00 /026 W
---------- 013744
O 120953Z JUN 75
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC IMMEDIATE 4508

C O N F I D E N T I A L CAIRO 5813

EXDIS

E.O. 11652: GDS
TAGS: EAID EGEN EGY
SUBJECT: EMERGENCY AID FOR EGYPT

REF: STATE 134117

1. RE PARA 4 REFTEL, THE PROPOSED TERMS MENTIONED THEREIN FOR THE JUNE AID AND NEXT TWO CY 1975 LOANS WOULD, IN MY JUDGMENT, ADVERSELY IMPACT ON OUR POLITICAL OBJECTIVES IN EGYPT. I RECOGNIZE POINT ABOUT SOME REASONABLE COMPATABILITY BETWEEN OUR EMERGENCY ASSISTANCE AND THAT OF OTHER DONORS, BUT COMPARISON HERE WILL NOT BE WITH IRANIAN AND SAUDI TERMS BUT WITH TERMS WE GRANT ISRAEL. ADDITIONALLY, IT WILL AT ONCE BE NOTED THAT THE PROPOSED TERMS ARE LESS FAVORABLE THAN THOSE OF OUR FIRST CIP LOAN. SINCE ANY CIP LOAN AGREEMENT HAS TO BE RATIFIED, WHICH INCLUDES PEOPLES ASSEMBLY SCRUTINY AND APPROVAL, THE DISPARITY OF TERMS BETWEEN THE TWO LOANS IS CERTAIN TO BECOME WIDELY KNOWN AND EVOKE BITTER CRITICISM. WE WILL BE CHARGED WITH CLAIMING TO PROVIDE DMERGENCY ASSISTANCE TO EGYPT, YET TAKING ADVANTAGE OF EGYPT BY HARDENING THE TERMS. THE COMPARISON WITH GRANT AID TO ISRAEL WILL QUICKLY BE MADE.

2. IN MY JUDGMENT, TERMS SHOULD BE SAME AS THOSE FOR FIRST CIP LOAN, I.E. 40 YEARS REPAYMENT, 10 YEARS GRACE WITH 2 PERCENT INTEREST DURING GRACE PERIOD AND 3 1/2 PERCENT INTEREST THEREAFTER. APART FROM POLITICAL DESIRABILITY
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OF SUCH UNIFORMITY OF TERMS, IT WILL ALSO MAKE

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ADMINISTRATION/BOOKKEEPING OF THE VARIOUS LOANS A GREAT
DEAL EASIER.
EILTS

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NNN

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
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Draft Date: 12 JUN 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
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Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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Disposition Event:
Disposition History: n/a
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06 JUL 2006

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